

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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(FOR KEY SEE REVERSE)

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1. Of the 26 diesel trains ordered from Hungary, 22 have been delivered to date and the remaining four are expected to be delivered within the next four to five months. There has been a delay in putting these diesel trains into service owing to their faulty manufacture and to date only 18-20 are actually in use. The Hungarian Government is most anxious to obtain new orders for diesel trains and is making every effort to rectify these failures. Previously, had difficulty in paying the Hungarians for the import of these engines as both countries' prosperity was based on agricultural economy. However Hungary now wishes to import wheat and it is hoped that some form of compensation agreement will be arranged. Hungary is also short of the raw materials to manufacture these locomotives and wishes to purchase raw materials or the finished piece parts,

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2. Failures of Locomotives Due to Material.

- a. Owing to the shortage of some raw materials for the Hungarian heavy industry, such as copper and components of alloy steel (nickel and molybdenum), the Ganz Railroad Car Works substituted for copper asbestos gaskets in the Diesel engines a substitute of sheet iron-asbestos surrounded by a thin copper frame. This contraption is most unsatisfactory and caused a number of breakdowns.
- b. The clutch discs of the speed gear box should have been manufactured of a special spring steel (carbon steel) such as that produced by the Diösgyör Works and used in the Diesel rail cars delivered by Ganz before the war. Since the war, however, steel manufacture has come under a centralized administration and the job has been transferred to a plant which lacks experience in this type of metal and thus it is produced with too many impurities.
- c. There have been many complaints regarding the springs as they have developed cracks and break, due to unsuitable material and careless heat treatment. The Ganz Works have admitted their inability to supply springs for the fuel oil pumps of

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- 2 -

the same quality as those produced before the war and they have proposed []
[] that they modify the design of the pump, not to its advantage
but in order that they may use an inferior quality steel.

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3. Poor Shop Work.

- a. The teeth of the clutch discs in the speed gear box were manufactured inaccurately. On some plates less than 10% of the teeth were machined correctly which in itself and apart from the faulty material caused a number of breakdowns.
- b. The upper and lower parts of the "bearing bodies" of the Diesel engines in which the main bearings are housed were not properly fastened to the casings, thus the bearing became loose without being noticed and caused damage to the engines.
- c. The finishing of the machined surfaces in general is not as smooth as specified and in some cases tolerances are not kept.
- d. Further trouble has arisen in that all these shortcomings, which were partly observed as long ago as two years, were not reported to Budapest by the Ganz representative [] a good Party member, as he feared 25X1
unpopularity with the staff at home; instead he reported that the delay in 25X1
putting the trains into service was due to the ignorance of the [] 25X1
[] staff. It is only now that an expert of the Ganz Works [] 25X1
[] have reluctantly admitted that the failures have been caused 25X1
by the ineffective shop control which exists these days in the factories at Buda-25X1
pest.

4. As already mentioned [] are anxious to place further orders 25X1
with the Ganz Railroad Car Works as they are satisfied with the design of the trains
and with the Ganz power units which have been used [] The 25X1
railroad authorities are adamant in their demands for a considerable improvement in
the quality of materials and labor, which have fallen very far below the level of pre-
war standards. They are also demanding that the Ganz Railroad Cars Works should
change all the parts which are not up to specification before any new orders are
considered.

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